

Risk area I – Operations	Likelihood (1: least likely, 10: most likely)	Impact (1: least likely, 10: most likely)	Score (likelihood x impact)	Control	Owner	Test	Comment
Employer fails to carry out their responsibilities for scheme administration leading to complaints from members of the scheme	2	3	6	Bulletins and Circulars; updates from Welsh Government and Scheme Advisory Boards; Secretariat ensure acknowledgement of the documents and confirmation that any appropriate action has been taken. Communication with employees.	Scheme manager	Ongoing	Regular communication to employer on Firefighter Pension Schemes
Concentration of knowledge in a small number of officers and risk of departure of key staff	2	3	6	Business Continuity Plans Succession Planning External advisers – LGA membership Close relationship with other Welsh FRAs	Scheme manager	Annual	
Operational disaster (fire/flood failure of IT systems)	3	3	9	Business continuity procedures in place for administrator Reliance on backup and recovery Conwy/Dyfed/ NWFRS Cyber Attack issues	Pension administrator	Annual	Dyfed Pension Fund (DPF) business resilience plan was checked as part of January 2017 contract renewal.
				Business continuity plans in place for scheme manager	Head of Finance	Annual	Documented procedures in place to ensure continuity will be provided; plan to be reviewed July 2018.
Member data incomplete or inaccurate	3	3	9	Annual report from administrator, used as basis for rectification plan Data Quality reviewed annually by Dyfed Pension Fund Data Improvement Plan in place	Pension administrator /Scheme manager	Annual	Report received from administrators; in the event of any errors rectification plan to be devised by the scheme manager and monitored over the year.
				'Not known at this address' returns from annual statements	Pension administrator	Annual	Administrators liaise with scheme manager to ensure reasonable endeavour made to identify member's current address.
Administration process failure/ maladministration	2	3	6	Formal agreement in place with administrator, including SLAs	ACO (Finance and Resources)	3 yearly	Three year agreement – next SLA due 01/01/2020
				Authority levels clearly agreed and kept up-to-date	ACO (Finance and Resources)	3 yearly	Agreed as part of Jan 2017 SLA
				Review independent audit reports of administrator's processes	Head of Finance	Annual	
				Written reports and ongoing dialogue with administrator	Head of Finance/ CCBC Payroll Manager	Annual	Any issues are raised on an ad hoc basis and reviewed annually
				Complaints addressed through the Independent Dispute Resolution Procedure	Head of Finance	As and when required	Complaints are analysed to inform changes to systems where necessary

Risk area 2 – Financial	Likelihood (1: least likely, 10: most likely)	Impact (1: least likely, 10: most likely)	Score (likelihood x impact)	Control	Owner	Test	Comment
Excessive charges by suppliers – Conwy County Council and Dyfed Pension Fund	1	3	3	Review of scheme suppliers at tender stage and during contracts	ACO (Finance and Resources)	Every three years	Fee invoices are checked when received Annual budget included in budget setting plan
Fraud/Fraudulent behaviour	3	2	6	Conduct a fraud monitoring process of incoming contributions payments against the schedule of contributions	Pension Administrator	Annual	All contributions have been accounted for and have been paid in accordance with the schedule of contributions
				Check incoming and outgoing scheme funds against schemes forecast – reconciling all funds	Pension Administrator	Annual	Accounts forecast against actual checked and balance
				Data matching exercises are carried out to identify discrepancies	ACO (Finance and Resources)	Every 3 years	Last exercise carried out in May 2016; Administrators carrying out a data improvement plan 2018
				Pension fund administration is reviewed periodically by audit	Pension administrator	Annual	Report available on DPF website
				National Fraud Initiative	Pension administrator	Annual	Need a robust process for ensuring that key roles are fully known and tested Administrators immediately notified by Head of Finance of death in service cases Monthly mortality screening undertaken by the administrators.

Risk area 3 – Funding Governance	Likelihood (1: least likely, 10: most likely)	Impact (1: least likely, 10: most likely)	Score (likelihood x impact)	Control	Owner	Test	Comment
Poor decision making due to limited or inaccurate advice	2	3	6	Head of Finance qualified accountant Local Government network All staff and members trained Local Pension Board scrutiny	Scheme manager	As and when required	External advisers to attend Pension Board meetings if covering areas that require specific knowledge
The number of early retirements exceeds actuarial assumptions	1	3	3	Generally employees meet the strain cost from their pension Ill health retirements are monitored and factored into future valuations by the Government Actuary Department Occupational Health Management Board in place to review all long term sicknesses and monitor potential ill-health retirements.	Scheme manager	Annually	Discretionary policy allows the Chief Fire Officer to consider on a case by case basis, funding is considered at all times Experience was reported to GAD and the Welsh Government in November 2017
Employer failure to pay contributions into scheme	1	4	4	Monthly monitoring of contribution payments by CCBC finance manager and administrators	Scheme manager	Monthly	100% contributions paid in accordance with Schedule of Contributions in 2017/18
				Contributions deducted monthly and immediately paid into the pension fund account	Scheme manager	Monthly	
				Annual audit	Scheme manager	Annual	Pension Accounts for year ended 31 March 17 signed off by auditors without qualification.

Risk area 4 – Regulatory and compliance	Likelihood (1: least likely, 10: most likely)	Impact (1: least likely, 10: most likely)	Score (likelihood x impact)	Control	Owner	Test	Comment
Regulatory Change	3	3	9	Welsh Government Circulars and Bulletins Comprehensive system of communications by Welsh Government and the Local Government Association Member of the Local Government Association Head of Finance key officer for implementation with support from the Assistant Chief Officer	Scheme manager		Officers attend Scheme Advisory Board meetings and other events to keep up to date on issues.
Failure to report breaches of the law to the Pensions Regulator	2	3	6	Breaches of Law training undertaken by Pension Board members; Breaches of Law policy held on the Authority website Monitored through complaints received. Service Level Agreement with Dyfed Pension Fund	Scheme manager	Annual	Pension Board made aware of the Pensions Regulator's requirements and the breaches procedure. Details provided within Local Pension Board update reports.
Breach of data protection legislation leading to complaints from members of the scheme	3	3	9	Fire and Rescue Authority data security protocol Good existing arrangements GDPR being implemented Memorandum of Understanding with Dyfed Pension Fund	Scheme manager	Dec 2018	The impact of the GDPR regulations is currently under review; all changes required will be processed during 2018
Failure to interpret rules or legislation correctly	3	3	9	Pension Board members have an up-to-date and documented training log, showing completion of scheme-specific and The Pensions Regulator's educational material. Induction training is available for new members.	Scheme manager	Annual	All relevant persons have completed educational material Ongoing training analysis undertaken for Pension Board members
				CIPFA have issued a Code of Practice on the knowledge and skills framework for the pension fund. The ACO (Finance and Resources) ensures that the Code is implemented.	ACO (Finance and Resources)	Annual	Compliance was reported in the pension fund annual audit in 2017
				Technical advice and updates	Scheme manager	Annual	Updates received from responsible authority, scheme advisory board and professional advisers; acted on.
Conflicts of interest	1	2	3	Pension board awareness of legal responsibilities	Pension board chair	During each Local Pension Board meeting	All pension board members have completed educational material
				All pension board members to declare any conflicts and potential conflicts	Scheme manager	Ongoing	Conflicts document signed by all pension board members, recorded in conflicts register. Reminder, and any changes or additional conflicts, will be minuted at each pension board meeting.

Guidance Note

How to Analyse and Score Identified Risks

The risk scoring matrix is based on likelihood and consequence. The more likely the event or situation is to happen, and the greater the impact if it did happen, the higher the risk scoring. The scoring is calculated by multiplying the likelihood rate (1-5) by the consequence rate (1-5). For example, the lowest possible score is 1 for an event or situation that is very unlikely to occur and which would have only insignificant consequences if it did occur (1 X 1) and the highest possible is 25 for an event or situation that is almost certain to occur and which would have major consequences if it did occur (5 X 5).

Risk perception – it is possible that different people will have fundamentally different perceptions of risk. The effect of these differences may be reflected in their scoring practice, with some people taking a more optimistic view and playing down the seriousness of a potential situation.

The differences can be overcome by having the same people apply the scoring (for consistency) and by encouraging them to be self-aware and to openly acknowledge their own personal styles. Having people with a fundamentally different approach working together can provide a useful balance as they will challenge each other's thinking and help minimise the effects of their individual bias.

LIKELIHOOD	5 Almost certain	5	10	15	20	25
	4 Likely	4	8	12	16	20
	3 Possible	3	6	9	12	15
	2 Unlikely	2	4	6	8	10
	1 Very unlikely	1	2	3	4	5
		1 Insignificant	2 Minor	3 Moderate	4 Significant	5 Major
		CONSEQUENCE				

Another way of addressing the challenge of personal bias is to ensure that the impacts are defined as actual effects, e.g. as having a financial consequence of up to £1,000.

The likelihood scoring scale

Level	Descriptor	Type of likelihood anticipated/possible
5	Almost certain	<p>85% chance of occurrence.</p> <p>Is expected to occur, and probably quite soon.</p> <p>Is known to occur in fire and rescue services.</p> <p>The event will almost certainly occur.</p>
4	Likely	<p>60% - 84% chance of occurrence.</p> <p>Will probably occur.</p> <p>Is more likely to occur than not to occur.</p> <p>Has occurred before in fire and rescue services.</p> <p>The event is expected to occur.</p>
3	Possible	<p>31% - 59% chance of occurrence.</p> <p>The event could occur at some time.</p> <p>Has occurred before but usually in other types of organisations.</p> <p>Might occur at some stage.</p>
2	Unlikely	<p>11% - 30% chance of occurrence.</p> <p>Might conceivably occur at some time.</p> <p>More likely not to occur than to occur.</p> <p>There is a remote chance that it may occur at some stage.</p>
1	Very unlikely	<p>Less than 10% chance of occurrence.</p> <p>May occur in exceptional circumstances.</p> <p>Has never occurred before in the public sector.</p> <p>Very unlikely to occur.</p>

The impact scoring scale

Level	Descriptor	Type of impact that is anticipated/possible
5	Major	<p>Unable to achieve all or most planned objectives/outcomes.</p> <p>Unable to deliver all or most core functions and/or critical services.</p> <p>Major disruption to normal functioning.</p> <p>Major loss of public confidence in the Authority.</p> <p>Government intervention.</p> <p>Loss of life, severe/multiple life-changing injuries.</p> <p>Major local/significant national environmental damage.</p> <p>Financial loss over £501,000.</p>
4	Significant	<p>Unable to achieve one or a minority of planned objectives/outcomes.</p> <p>Unable to deliver one or a minority of aspects of core functions and/or critical services.</p> <p>Some significant disruption to normal functioning.</p> <p>Serious injury/ies involving long period of hospitalisation.</p> <p>Some significant loss of public confidence in the Authority.</p> <p>Special inspection or special measures.</p> <p>Financial loss between £251,000 and £500,000.</p>
3	Moderate	<p>Significant disruption to core functions and/or critical services.</p> <p>Serious injury/ies involving short period of hospitalisation.</p> <p>Some loss of public confidence in the Authority.</p> <p>Moderate damage to the local environment.</p> <p>Financial loss between £51,000 and £250,000.</p>

2	Minor	<p>Inability to deliver a departmental objective.</p> <p>Minor disruption to core functions and/or critical services.</p> <p>Minor injury/ies requiring only first aid.</p> <p>Some negative local media coverage.</p> <p>Minimal damage to the local environment.</p> <p>Financial loss between £11,000 and £50,000.</p>
1	Insignificant	<p>Some difficulty in achieving departmental objectives.</p> <p>Very minor disruption to normal services.</p> <p>No injuries.</p> <p>No media coverage.</p> <p>No damage to the local environment.</p> <p>Financial loss of up to £10,000.</p>

How to prioritise identified risks (“risk exposure”)

The purpose of this stage is to differentiate between the level of risk exposure that the Authority is able to live with, and the level of risk exposure that requires urgent action.

Value	Priority scale	What should happen
20-25	Very high Risk is intolerably high	Urgent and immediate action should be taken, suspending other activity or bringing in additional support if necessary until risk mitigation has taken place.
12-16	High Risk is substantial	Urgent action should be planned, with clear allocation of responsibility and reporting, with strict deadlines imposed.
8-10	Medium high Risk is moderate	Action should be planned to reduce the risk.
4-6	Medium low Risk is tolerable	Ensure that reasonable practicable controls are in place. Consider removing it to a service-level risk register.
1-3	Low	Action is not essential as the risk is minor. Consider removing it to a service-level risk register.